ATLANTIC PROVINCES ECONOMIC COUNCIL

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Report Card

2008-01650/

July 2007

The Growing Importance of Older Workers in Atlantic Canada

Older workers are an increasingly important part of Atlantic Canada's labour market. The number of workers aged 55-64 years in the Atlantic provinces has doubled over the last decade to more than 136,000. Older workers now represent about 12.6% of the region's workforce, compared with only 7.1% in 1996. Furthermore, women account for a growing proportion of these older workers – about 44% in 2006, up from 28% in 1976.

Yet many displaced older workers face greater risks in the labour market. Older workers are losing jobs as manufacturing plants in the Atlantic provinces close or downsize, but they may not have the skills necessary to secure new jobs in the service sector. Looking ahead, older workers will be increasingly sought after to help meet projected labour shortages as the region's labour force contracts. This Report Card examines these two issues from an Atlantic Canadian perspective.[1]

Displaced Older Workers

Unemployment rates for older workers in the Atlantic provinces have fallen since peaking in the 1990s. For example, for 55-64 year old males, the unemployment rate was 10.4% last year, down from 13.1% in 1993. While the unemployment rate for all workers in the region is at a three-decade low, the unemployment rate for older workers, particularly males, remains higher than in the late 1970s. By contrast, the unemployment rate for older workers in Canada has fallen by almost half since 1993, and is now at a level comparable with the late 1970s.

With the aging labour force, the total number of unemployed older workers in Atlantic Canada has grown from an average of 8,600 in the recession of the early 1990s to almost 14,000 last year. In New Brunswick and Newfoundland and Labrador, the number of unemployed older workers is now about 80% higher than in the 1992-94 period. This is in marked contrast to national trends where the number of unemployed 55-64 year olds in 2006 was below the 1993 peak.

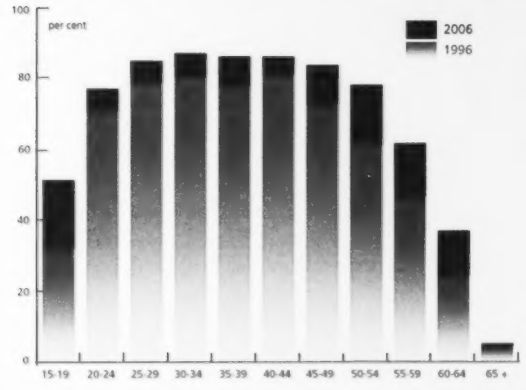
Older unemployed workers may face a number of challenges in terms of finding new employment. In Atlantic Canada's labour force, almost one in four 55-64 years olds does not have a high school diploma, three times the rate for those aged 25-44 years. Older workers are also more likely to have lower levels of literacy which further inhibits retraining. The closure of major employers in smaller communities may be quite challenging for older workers with strong community ties. Moving to larger cities where living costs are higher could create financial pressures especially if their transferable skills only qualify them for low-paying jobs in retail or food services. Furthermore, some employers may be less willing to hire older workers.

Older workers tend to be unemployed for a longer duration than younger workers. For example, in Prince Edward Island, a 55-64 year old was unemployed for an average of 20 weeks in 2006, compared with 15 weeks for all unemployed workers. Moreover, displaced older workers are likely to experience a much larger loss of earnings than younger workers, even five years after a layoff.[2]

Older Worker Participation

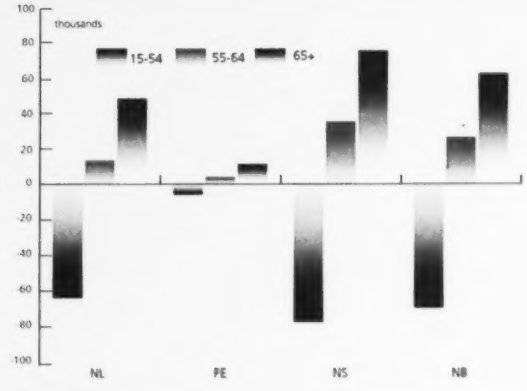
Labour force participation rates tend to fall quite quickly after age 55. For example, only 37% of Nova Scotians aged 60-64 years (and

Participation Rate by Age Group, Atlantic Canada



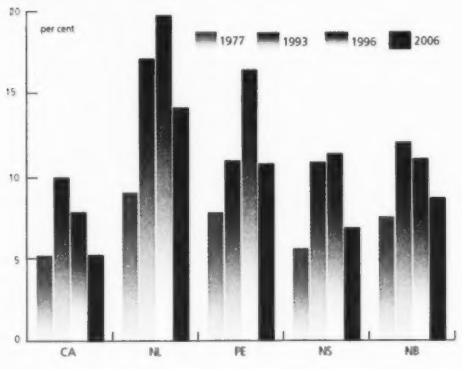
Source: Statistics Canada.

Population Change by Age Group, 2006-21



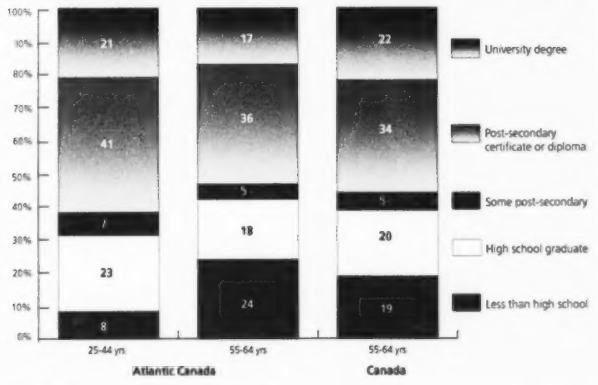
Source: Statistics Canada.

Unemployment Rate, 55-64 Year Olds, Selected Years



Source: Statistics Canada.

Labour force by Education, 2006



Source: Statistics Canada.

only 6% of those 65 and older) continue to participate in the labour market, compared with participation rates of over 85% for those aged 25-45 years. However, participation rates have increased considerably among older age groups, particularly among females. For example, the participation rate among female Atlantic Canadians aged 55-64 years has increased from 28% in 1996 to 43% today.

Even if participation rates continue to rise among 55-64 year olds over the next 5-15 years, the region's overall labour market participation rate will eventually decline due to the aging population.[3] Labour force participation strategies will therefore have to shift their focus to increasing participation rates among those aged 65 and older.

Policy Responses

The consequences of limited population growth and an aging population will have major implications for Atlantic Canada's labour market in the coming decades. The smaller number of younger workers entering the labour market and the increasing number of retirements will create new opportunities for older workers, who will be better educated, healthier, and likely to live longer than in the past. But human resource practices and government policies will need to adapt to facilitate the continued labour market participation of these older workers.

Expanding labour force participation among older workers will require employers to value the strengths of older workers and utilize their experience, for example, through mentoring or teaching younger workers. This is particularly relevant in the region's forest industry which has a large number of older workers with very specialized skills. Older workers are currently much less likely to benefit from employer-sponsored training, but training will be a critical component to support productivity growth in a smaller but aging workforce. Providing older workers with the flexibility to continue working but to work fewer hours as they transition into retirement will become increasingly important for many workers.

For the current generation of displaced older workers, targeted measures to support their reintegration, or to ensure sufficient income support, need to be considered. Last October the federal government announced a Targeted Initiative for Older Workers to help improve the employability of unemployed older workers in communities with high unemployment rates or a high reliance on a single industry that is downsizing.

While re-training is important to help displaced older workers, it is important to recognize and assess the skills and experience of older workers who may lack a high degree of formal education. Training opportunities also need to be tailored to economic diversification within a community. Internship programs and other opportunities to explore new occupations need to be available for older workers. In addition, would temporary financial incentives help improve re-employment rates for retrained older workers? Aside from re-employment, entrepreneurship programs could be adapted to help displaced older workers start their own business.

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1. APEC hosted the Atlantic Roundtable for the Expert Panel on Older Workers and this report draws from these discussions. The data on older workers used in this report focuses on the 55-64 year old group, consistent with the definition used by the Expert Panel.
2. *Earnings Losses of Displaced Workers: Canadian Evidence from a Large Administrative Database on Firm Closures and Mass Layoffs*, Statistics Canada Research Paper, January 2007.
3. "Labour Force Projections for Canada, 2006-2031", *Canadian Economic Observer*, June 2007.

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[1] This report is prepared by the Atlantic Provinces Economic Council (APEC) for the use of its members. While the information is from sources believed reliable, neither the information nor the analysis expressed herein shall be taken as a representation for which The Bank of Nova Scotia, Scotia Capital Inc., APEC or any of their employees incur any responsibility.

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